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UNITED STATES DEPARTMENT OF AGRICULTURE

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GMA Forum

STAMPS THAT MAKE THE DIFFERENCE

I welcome this opportunity to talk to this distinguished Forum of leaders in the food world. I want to tell you about this coupon -- usually known as a "food stamp". It has a significant place in the food industry.

I want to explore with you its progress and potential -- the opportunities these coupons offer to low-income shoppers, the food business, merchandisers and communicators.

Let's start with the coupon itself. Have you ever seen a food stamp? A real one that's good for food at the store. Chances are the answer is no, unless you happen to have found yourself in a checkout line immediately behind a food stamp shopper and seen her pull out a special book of coupons to pay for food.

These coupons are money -- special money that can only be spent for food. They're printed in \$2 and 50 cent denominations at the U.S. Bureau of Engraving and Printing. Every last one must be accounted for. They're usually transported in armored cars, stored in bank vaults and dispensed under tight security. Counterfeitors have made attempts to copy these coupons, without success I'm glad to say.

But the real value of this food stamp coupon is in the extra food it buys for a low-income person. Food stamp coupons increase the amount of money a family has to spend for food. These coupons assure that the family gets more food.

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Address by Howard P. Davis, Deputy Administrator, Consumer Food Programs, Consumer and Marketing Service, U.S. Department of Agriculture, at GMA Forum, at Waldorf-Astoria Hotel, New York, New York, November 14, 1968, 10:30 a.m., EST.

To show how this works I'm going to use an example of a real family but using a fake name. This particular family -- like many of our Food Stamp customers -- are proud of their participation in this program. It is a successful experience for them, indicating they are smart, saving consumers, investing and planning for their own future.

Mr. Warren Smith and his wife, Elenora, of Baltimore are both unable to work because of disabling heart disease. Public welfare assistance of \$193 a month is helping them and their two school-age daughters get along. But after they meet their payments for rent and utilities, there's not much left for food. Mr. Smith says that without food stamps he doesn't know what would have happened to his family.

About a year ago -- when the Food Stamp Program first opened in Baltimore -- Mr. Smith went down to the welfare office to apply for Food Stamps. He was considered automatically eligible because he had already been certified for public assistance.

He learned that by putting up \$64 a month, about the amount he normally spent for food, he could get back \$90 worth of food stamp coupons. These amounts are figured according to family size and net monthly income.

Then Mr. Smith got an identification card, authorizing him to buy \$90 worth of food stamps at the issuance office. Once a month is food stamp day for Warren Smith and several neighboring food stamp customers since they get their welfare checks once a month. He borrows a car and they all go down to the issuance office to buy their stamps. Then they're off to market with their shopping lists, having checked out the best buys and special sales.

They prefer to buy large quantities at one time, but they don't have to. Food stamps can be spent any time the shopper wants to use them.

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The Smiths can spend their coupons in virtually any store in the Baltimore area. Most retail stores in food stamps areas find it to their advantage to become authorized for food stamp business. And why not? On an average it means an eight percent increase in total retail food sales in food stamp communities. The merchant redeems the food stamp coupons for cash through his regular bank or his wholesaler.

When a food stamp customer like Mr. Smith gets to the check-out, he uses his food stamps just like money to pay for his food. If there is change coming, he gets an IOU from the grocer that's good for food on the next shopping trip. Now, supposing he bought some nonfood items like paper towels or soap, a mop or broom. He has to use cash for these. The amount he pays for his food stamps is based on what he would normally spend for food alone and the stamps he gets are to solely and simply help his family get a better diet.

Also, food stamps can't be used for foods that are marked imported. But coffee, tea, bananas and cocoa are exceptions, since they don't compete with American farm products.

One of the aims of the food stamp program is to expand markets for American food production at the same time it helps Warren Smith and about 2.6 million other Americans get more and better food. Food Stamp customers like Mr. Smith are some of the best good will ambassadors we have. They tell their neighbors about food stamps and help them apply for the program.

They also help answer a lot of the questions and misconceptions that people have about the program. The first thing a new food stamp customer may ask is...

"Why do I have to pay for the stamps?"

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Stamp customers are not just paying out money for stamps. They actually swap their own food money for this special kind of food money that's worth more than they paid. The increase in buying power means not only more food but also better food. Many regular food stamp users tell us it's an advantage to invest their food money in stamps. They may purchase monthly or semi-monthly and in a number of places, weekly. One lady said, "Then I know I've got my food money and it can't be spent for anything else but food, and that's so important, especially for the children."

Some people think food stamps "cost" too much.

The amount of money recipients must pay is based on net monthly income and family size. Certifying officers take into account such hardship expenses as high medical bills, high rent, and costs of child care. The aim is to arrive at a purchase price that represents what the family would normally have to spend for food. Many families are pleasantly surprised to find that when they add up all the small amounts they spend for food during the month, the total is more than they pay for the stamps.

Others run into difficulty when they fail to report the full details of their income and expenses to the welfare office. By forgetting to bring in a medical bill, or information about babysitting costs, a food stamp customer may be asked to pay more for the stamps than is necessary or than he can afford.

And by neglecting to report a reduction in income, a food stamp family may find they don't have enough money to buy the stamps.

We had a case like this in Washington, D.C., this year. A local community action group complained to the D.C. Food Stamp Office that a lady on Social Security had only \$4 left after she paid her rent, and was supposed to pay \$6 for her stamps. It turned out the lady had originally been certified to pay

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the \$6 some months earlier when she was getting extra money from her son. The extra income had stopped, but she had not reported the change to the Food Stamp Office. For her, this meant a serious loss of food buying power. When the matter was cleared up, they reduced her purchase price to the minimum level of 50 cents, for which she got \$12 in stamps.

This illustrates just a few of the complexities involved in working with the food problems of the poor. Too often we mistakenly think of needy people as having a regular income like everybody else, but just a lot less. That's far from true. Many low-income people have very sporadic incomes. They may have been paid for work last week, but there's no work this week and the money is gone. Maybe next week there'll be a few days' pay, maybe not.

We are continually studying how low-income people spend their money, in an effort to help the greatest number of needy families within the limits of Food Stamp Program funds and authorities.

As a result of these efforts, in 1967 the purchase requirement for the poorest of the poor was reduced from \$2 a month per person to 50 cents, with a maximum of \$3 per family, regardless of size. We began offering new food stamp families their first month's food stamps at half price to give them a chance to catch up on back grocery bills and get cash ahead for the next month.

These new measures were far more successful than we anticipated. Participation increased so rapidly that by last April it became clear that we were heading for a possible deficit for the fiscal year ending in June. We had to put off plans to expand the Food Stamp Program to many new areas. We delayed openings and used emergency and standby authority to get through the budget squeeze.

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We went back to Congress with a request for more money than they had previously authorized for the Food Stamp Program in this fiscal year, to expand and improve the program still further. Congress appropriated a total of \$280 million for this year, \$55 million more than had been authorized earlier. This means we can go right ahead with plans to expand the Food Stamp Program to some 135 areas that had been delayed since last spring and summer. And we hope for still further expansion by the end of this fiscal year. Within these funds we may be able to make some beginning on needed adjustments in purchase requirements and bonus coupons for the very low income groups.

Currently, the Food Stamp Program is operating in over 1,180 of the Nation's counties and independent cities, with some 2.6 million people taking part. In total, they are increasing their food buying power by about \$18 million a month. The average investment per person is slightly over \$11 a month for which they receive food stamps worth about \$18.

To complete the picture, let me mention that the other USDA program of family food help -- the Commodity Distribution Program -- is still very significant, operating in some 1,300 U.S. counties and cities for the benefit of 3.5 million needy people. We hope that funds will eventually be provided to replace all the food donation programs with food stamps, but meanwhile we have made some improvements in the donated foods activity, too.

In recent months the number of foods available for donation has been increased to 22, offering much greater variety and a diet that's far superior to anything yet offered in a national food assistance program. Special supplemental foods are also available under a new program, just opened, for medical authorities to "prescribe" for mothers and infants who must have more food to meet their health and nutrition needs.

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The administration of family food assistance has changed from a passive offering to State and local governments to active encouragement and the promise that Federal authority will intervene if necessary to make food available to families, particularly in the lowest income areas of the Nation.

Of the Nation's 3,126 counties and independent cities, some 500 are still without any plans to operate either a food stamp or food donation program for their low-income residents. We intend to use every means possible to encourage these areas to decide to operate either one of the family food assistance programs. Both operate on the basic premise that the details of food program administration rest on a cooperative Federal-State-local structure.

At the same time, we are expanding our efforts to reach children of low-income families who need more and better food through organized feeding programs both in and out of school. In the past decade the concept of child feeding programs has been enlarged from the narrow view of providing school lunches to include school breakfasts and feeding programs for child-care activities outside the school system. This year we have more Federal assistance than ever before to help States and local communities provide food services for all children -- especially the needy -- in group activities in and out of school.

The U.S. Department of Agriculture has long recognized that adequate food and proper diets for all citizens are essential to the continued health and welfare of this Nation.

For some 105 years, a part of USDA's mission has been to carry out basic research in agriculture and nutrition, and to release the results of this research to the people of this country. Our efforts in large measure have enabled American farmers to become the greatest agricultural producers in history.

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At the same time, we have devoted -- and continue to devote -- considerable time and energy to the marketing of this massive production. Improving quality, as well as increasing quantity, has been a primary goal. Thus, we have helped to foster a distribution system that is more efficient, more economical, and more responsive to consumers in general than any other in the world today.

Unfortunately, the poor without assistance do not and cannot participate fully in the benefits of this system.

Until every person is able to earn enough to maintain a reasonable, minimum standard of living -- including an adequate diet -- food assistance programs must operate to wipe out hunger and malnutrition.

In this country the broad, general problem is, technically, under-nutrition in varying degrees. Prolonged and serious denial of essential nutrients, of course, creates malnutrition. And evidence indicates that there is considerable malnutrition in this country.

Malnutrition in the United States has its roots in economics, ignorance, and food habits. Millions of people -- elderly, disabled, unemployed or unemployable -- simply do not have enough money to buy the quantity and quality of foods necessary for full nourishment. Many of these people also lack understanding of good nutrition.

But a lot of other people don't eat all of the proper foods, either. A survey of food consumption by the U.S. Department of Agriculture in 1965 indicated that only half of a nationwide sample of U.S. families consumed a "good" diet -- that is, the nutritive content of the food used in the home equaled or exceeded the recommended amounts for each of seven basic nutrients for all members of the household.

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About 20 percent of the households surveyed were found to have a "poor" diet -- which is defined as being at a level which "could be nutritionally inadequate for some individuals over an extended period of time."

Predictably, the poor diets were more prevalent in -- but not limited to -- families with incomes under \$3,000, a figure frequently used as a rough "poverty line" in the United States. Some 36 percent of such households had poor diets, with the percentages declining successively as income levels increased. Yet even among families with incomes of \$10,000 and over, fully 9 percent had poor diets.

Through the development of these food assistance programs in this decade, we have today the weapons to win the war on malnutrition in this country. And we have a consensus and a commitment to move forward and get the job done.

When we talk about a national commitment, it has to be truly national however. The challenge is here for public agencies at the National level, at the State level, and especially at the local level. And the challenge is here for the private sector too -- for business and industry, for educators and nutritionists, for clubs and organizations, and for individual citizens.

We are broadening our educational and outreach efforts in a number of ways not only to help needy people use the Federal assistance to improve their diets and their living...but also to make better nutrition a national objective for everyone.

Above all, we need nutrition education, particularly for low income and under-privileged consumers. If families don't know how to use the food they buy with stamps -- they will simply perpetuate poor nutrition into the next generation. This is particularly true where the poor are concerned. Instead of improving the quality of their diets they often prefer to eat more of the same poor diet. More of the same is just not good enough.

As part of a drive to reach low-income families with homemaker and nutrition help, we are putting 1,500 professional home economists and nutrition specialists to the job of training nutrition aides hired from low income neighborhoods to work with low-income families on getting the most for their food dollars. This year we plan to reach 200,000 families in the very lowest income categories, with a goal for 1970 of reaching 400,000 families.

We are now launching a pilot outreach and consumer education program, "Food Makes a Difference." This is a cooperative effort involving several arms of the Department of Agriculture, representatives of the food marketing industry, voluntary groups and other private and public organizations. It is an information-action program designed to help low-income families particularly get more and better food through better use of existing resources, through expansion of food assistance to those who need it most and through greater understanding of how to shop wisely and eat well.

There is a role, a very effective role, for you -- professionally and as a concerned citizen in the war on hunger.

The Department of Agriculture welcomes, indeed, invites your support of our efforts to meet the food needs of low income and needy people. We welcome your support of the principle that food is a basic need and that no one should go without food because of economics or ignorance.

We ask you to consider how you might lend your professional expertise to the enormous job of reaching more low-income families with reliable, practical information on how they can use low cost foods to prepare attractive and nutritious menus. Can any of your regular materials be adapted or channeled to the low-income food stamp shopper? We would welcome the opportunity of talking with you further on this subject.

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As individuals some of you may already be involved in this campaign against hunger. All across the Nation volunteer workers are assisting the effort in various ways, from providing transportation for the poor and the elderly to the food stamp office or the food store, to doing clerical work in food distribution centers.

In many areas with food programs, a number of groups are attempting to show needy people how to make best use of their food stamps. Neighborhood workers or volunteers call on families individually or they may hold food demonstrations. Lending your knowledge of food and communications skill to these programs would be a great service to the poor and satisfying to you.

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